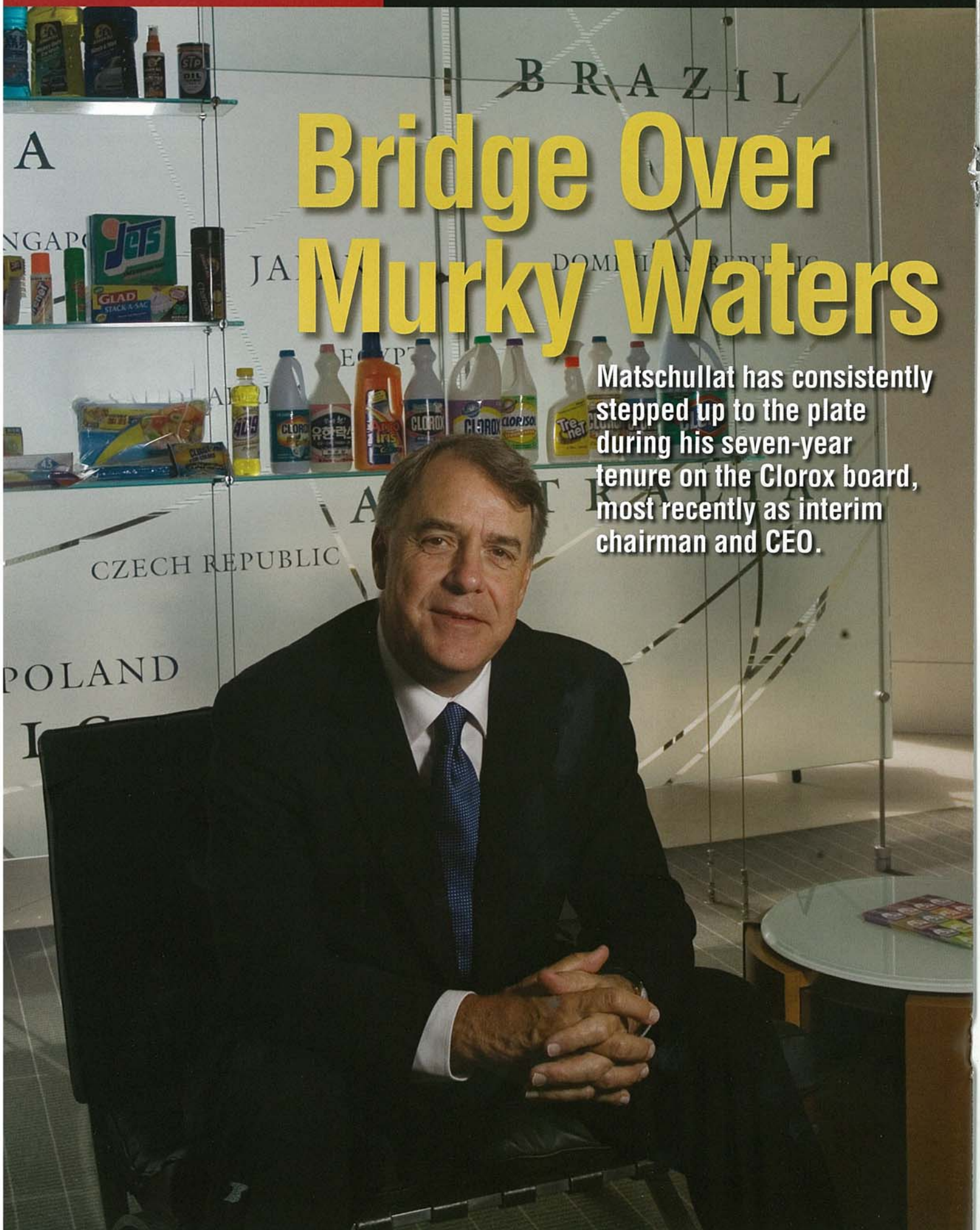


B R A Z I L

Bridge Over Murky Waters

Matschullat has consistently stepped up to the plate during his seven-year tenure on the Clorox board, most recently as interim chairman and CEO.



As head of world-wide investment banking at Morgan Stanley, I spent many years meeting with CEOs in every industry, talking about strategy, and giving them advice," says Robert W. Matschullat. "I viewed the job as an honor as well as a vocation. I felt board work was a way to give back."

And give back he has, especially as a director of The Clorox Company. Matschullat has spent the bulk his seven-year tenure on the Clorox board in demanding leadership positions, culminating in his current post as interim chairman and CEO.

Then Clorox chairman and CEO Craig Sullivan recommended Matschullat to the Clorox board in 1999, inspired by previous dealings with him as an investment banker. Sullivan was looking to ramp up company growth and had sought Matschullat's advice on a potential acquisition. Most out of character for an investment banker, Matschullat cautioned Sullivan against the move saying he had known far more CEOs who had failed because of a major acquisition than had ridden to glory on the success of one. "That advice helped me a lot in how I thought about growth and the company going forward," says Sullivan.

In 2002, when it came time to plan for Sullivan's retirement, Matschullat headed the effort as chair of the Clorox nominating and governance committee. After considering a range of outside candidates, the board anointed Jerry Johnston, the sole internal candidate and allowed Sullivan to stay on for six months as chairman. Upon Sullivan's full retirement at the end of 2003, the board asked Matschullat to be non-executive chairman until Johnston was ready to assume the chairmanship as well.

"Bob was the ideal choice. He helped Jerry become a terrific CEO," confirms fellow Clorox board member Gary Michael, retired chairman and CEO

of Albertson's. He believes Matschullat was a highly valuable role model for Johnston, particularly in dealings with the CFO and the financial markets. "As chairman, Bob was always there, asking the right questions at the right time," Michael sums up.

"Jerry was talented and had a good young team," recalls Matschullat. "My job as non-executive chairman was to help him succeed. Period." Specifically, Matschullat took the governance burden off Johnston and let him run the business. He did most of the interfacing with the board, governance groups, and regulators while Johnston built his executive team and implemented their strategy.

"BOB STEPPED RIGHT IN WITH NO HESITATION AND IS THERE FOR THE COMPANY EVERYDAY."

GARY MICHAEL • FELLOW CLOROX DIRECTOR

During this time, Clorox integrated its \$2 billion First Brands acquisition, a process that included repositioning Glad's struggling product lines. It also recognized the business potential in environmentally safe initiatives and brought "game-changing" safe household cleanliness products to market. All the while Johnston and Matschullat nurtured a culture of high performance teamwork that ultimately led to 100% cumulative return to shareholders over a five-year period. These results bested all but one company in a peer group of 20 whose average return was 42%.

In 2005, after 18 months as chief executive, the board unanimously voted to hand Johnston the chairman's role and make Matschullat presiding director.

But this plan hit a snag. In March 2006, Johnston suffered a heart attack. According to the board's set plan in

such a scenario, Matschullat became acting chairman and CEO. Although on the mend, Johnston has elected not to return to the corporate fast track at Clorox. Matschullat—who never wanted to be a Fortune 500 CEO—has dedicated himself to doing it well.

"Bob stepped right in with no hesitation and is there for the company every day," Michael states.

Matschullat has set three clear goals for his stand-in stint: keep the business on track by letting the executives run their units, help the board get the best possible CEO, and deliver a healthy company to him or her for the best possible start. "We have a really good board at Clorox, and the company might be well served by several different people taking leadership roles," he muses adding, "We're in a great situation. Nothing's on fire."

But Matschullat knows a good deal about things being on fire elsewhere. He was recruited to join the McKesson and The Walt Disney Company boards at about the same time in 2002. The former was cleaning up from a major scandal and facing a serious threat to its business model, and the latter was gearing up to make corporate governance headlines for months to come.

Matschullat was introduced to the Disney board via their CFO Tom Skaggs whom he had hired at Morgan Stanley years before. He was unknown to the rest of the board including then chairman and CEO Michael Eisner and presiding director George Mitchell, former U.S. Senator from Maine. He was recruited specifically to chair the audit committee, a role that had become critical overnight with the adoption of Sarbanes Oxley. Equally importantly, Matschullat brought what a February 22, 2004, article in the *Los Angeles Times* called "heft and independence" to a board that had been criticized for cronyism.

Matschullat's very first board meeting was in January 2003 when director Andrea Van de Kamp—an audit committee member he met for the first and last time at an audit meeting an

BORN: November 21, 1947, in St. Cloud, Minn.

EDUCATION: BA in sociology and MBA from Stanford University.

CAREER HIGHLIGHTS: Vice chairman and CFO, The Seagram Company Ltd.; head of worldwide investment banking, Morgan Stanley & Co.

HOMETOWN: Greenwich, Conn., and San Francisco, Calif.

FAMILY: Married to Ariane since 1970; 1 daughter; 2 sons.

MOST MEMORABLE SUMMER

JOB: Selling toys at Sears.

MOST RECENT BOOK READ: *The Da Vinci Code* by Dan Brown.

FAVORITE COMPOSER/POET: John Lennon.

FAVORITE CHARITIES: Riverview School, East Sandwich, Mass., and other charities that help children with learning disabilities

SOMETHING MOST PEOPLE WOULD BE SURPRISED TO KNOW ABOUT ME: "I love to ski deep powder."

WON'T LEAVE HOME WITHOUT: BlackBerry.

FAVORITE QUOTATION: "There is no limit to what a man can do or where he can go if he doesn't mind who gets the credit."



hour before—was voted off the board. Her removal launched a frenzy of press allegations that Eisner was ridding his board of dissenters. The experience evidenced the tense and difficult environment into which he had plunged.

CEO succession, the shareholder revolt spearheaded by Stanley Gold and Roy Disney, SEC allegations, fallout from the Ovitz trial, "divorce threats" from Miramax and Pixar, ABC's dismal performance and an unsolicited takeover bid from Comcast all had to be dealt with in addition to the board's "business as usual." With no personal history and a fresh set of eyes to take a look at things, Matschullat was able to make immediate and significant contributions to restoring stability to the Disney business and board.

Matschullat's contributions are "particularly evident in audit where he has

put the company in peak condition with respect to compliance, transparency and honesty," says Disney CEO Bob Iger. "I am very comfortable with him as our audit chair. He focuses on the right issues," confirms fellow Disney director Judy Estrin. "He consistently takes the time to study issues and has never been afraid to speak his mind." Mitchell confirms, "Bob is an outstanding board member who has done a terrific job making all the directors and management comfortable with his work."

Late on March 4, 2004, the day of the now infamous shareholder meeting when more than 40% of shareholders withheld votes for Eisner, the Disney board elected then independent director Mitchell non-executive chairman. Although moving Eisner out of the chairman's role was a clear response to shareholder demands, many considered

Mitchell, who got a 25% withhold vote himself, an Eisner faithful.

The Corporate Library co-founder Nell Minow reports that she would have preferred to see Matschullat in the role of chairman on that day. "Bob's candor and accessibility to shareholders were crucial factors in calming the waters during all the madness," she says. "Anyone who has spoken to him as I have realizes that he isn't just an independent director in title but as a matter of mind and spirit."

Disney's performance has since come up off a deep trough. After years at the bottom of *BusinessWeek's* Best and Worst Corporate Boards Survey and a place on CalPERS 2004 Focus List of underperforming companies, Disney now reports strong earnings and even profit contributions from formerly struggling divisions like ABC and the theme parks. Governance watchdogs are also giving Disney stronger marks.

"The board has come through all of this cohesively but not without major disagreements. A bunch of smart people aren't always going to agree," says Matschullat. "We have very healthy and constructive debates. Sometimes we reach consensus and sometimes we agree to disagree," adds Estrin. "No matter what, we respect each other." Both stress that the votes to appoint Mitchell non-executive chairman and Iger CEO were unanimous and that both are decisions the board is happy it made.

Minow is happy, too. She says, "If we had a Most Improved Player award for boards, Disney would be the sure winner." She believes they have made "all the right decisions" including putting rock star CEO Steve Jobs on the board on the back of the Pixar acquisition.

Matschullat believes deeply that teamwork and the ability to get consensus, particularly in times of adversity, is the power of any board. But he is very clear that, while board members lend perspective and support, "the CEO is the CEO, and he has to run the company." And now, at Clorox, that means putting himself to work. ○